



University of Connecticut  
**OpenCommons@UConn**

---

Honors Scholar Theses

Honors Scholar Program

---

Spring 6-10-2020

## Neoliberal Legacies: Peru, Potatoes and the Challenges of Agricultural Reform

Emma Belliveau  
[emma.belliveau@uconn.edu](mailto:emma.belliveau@uconn.edu)

Follow this and additional works at: [https://opencommons.uconn.edu/srhonors\\_theses](https://opencommons.uconn.edu/srhonors_theses)



Part of the [Environmental Studies Commons](#), and the [Food Security Commons](#)

---

### Recommended Citation

Belliveau, Emma, "Neoliberal Legacies: Peru, Potatoes and the Challenges of Agricultural Reform" (2020).  
*Honors Scholar Theses*. 653.  
[https://opencommons.uconn.edu/srhonors\\_theses/653](https://opencommons.uconn.edu/srhonors_theses/653)

**Neoliberal Legacies:  
Peru, Potatoes and the Challenges of Agricultural Reform**

Emma Belliveau  
June 10, 2020

## Introduction

Peru holds a natural bounty. It is abundant in gold, copper and iron, oil and natural gas, and a wide variation of soils, altitudes, and climates. The availability of mineral ores, fuel deposits and agricultural regions should have made Peru rich (Holligan de Diaz-Limaco, 2000). The fits and starts of prosperity Peru has experienced as these various commodities gain clout on the international stage are just that—short booms of demand that do not create a lasting or robust source of wealth. And, yet, this kind of economic style is virtually all that Peru has ever known. The extraction and export of material commodities is the foundation of the Peruvian economy, making them dependent on foreign players to buy their raw materials and sell them processed goods in return (Lust, 2014). A relationship of dependence founded during the time of colonialism and imperialism has shifted form over the centuries, but the parasitic roots are undeniable. Today, neoliberalism dictates this relationship.

The objective of neoliberalism is generally defined as creating favorable conditions for capitalistic accumulation (Segura, 2018). It seeks to structurally adjust the economy by removing ‘distortions’ like price controls or trade tariffs to instead allow the unregulated market to determine the most efficient allocation of resources (Green, 1996). Breaking down these component parts leaves us with two things: a free market system that allows prices to be set by competition, without restrictions, between privately-owned businesses; capitalism, which is not only an economic but a political system wherein a country’s trade and industry are controlled by private owners, rather than by the state. What is critical to understand about these systems in the context of real-world application is that neoliberalization not only aims to impose a new order on previously economically independent countries, but to further an old order of systematic foreign dependence and local instability.

Nusta Ko states in “Cementing Class Differences: Globalization in Peru” that the process of neoliberal globalization will “further cement class differences at the domestic level, decreasing the technological advancement of developing states and, and increasing the economic and political dependency of developing countries on the more developed states” (Ko, 2013, p. 411). The process of neoliberalism, particularly the political projects undertaken in South American countries, is done at the behest of reestablishing “the conditions for capital accumulation and to restore the power of economic elites” (Geddes, 2014, p. 3148). Lennox and Gowdy in their paper “Ecosystem governance in a highland village in Peru” argue that “the global economy in many ways operates as an ultrasocial system with rules of its own that frequently conflict with individual and community well-being,” and continue on to say that these ultrasocial systems are characterized by downward causation, “meaning that the imperative of growth is reinforced by top-down institutions, belief systems and regulations.” They also assert that much unlike the market economy, the goal for ecosystems is not maximization—a dissonance which, they argue, causes a myriad of contemporary problems (Lennox & Gowdy, 2014, p. 156).

As is evidenced by the existing scholarship on Peru, the economic models of neoliberalism, capitalism and globalization are part and parcel of one another; they cannot and do not function in isolation. In light of the fact that these schemes operate in tandem, maintaining a firm grasp on what they are and how they came about is essential for conceptualizing their effect on present society. Particularly when taking into account that they are touted as enduringly positive for the global community; does this endorsement ring true when considering their myriad effects on society writ large?

This paper will seek to answer that question by taking a particular focus on the agricultural communities in highland Peru that grow potatoes. They are, for reasons to be discussed more healthily later, the perfect microcosm to show how the dominating forces of colonialism, globalization and capitalism have permanently reshaped agriculture, political representation, and social cohesion. Modern-day neoliberalism is the accumulation of all of these schools of thought, and will be used to explicate the changes to the agricultural, political and social sectors in Peru and how they have fundamentally shifted. Past, present and future will be explored.

History is crucial here to lay the proper groundwork; the origins of imperialism, a global economy and capitalism are key in understanding the present way that societies operate. In this course of history, the history of the potato will also be discussed. First broadly, to bring to the reader's attention that the potato holds significant influence over the trajectory of agriculture in general and, then, to establish an awareness of the roots of small-scale, diverse cropping that Peruvian people have practiced for millennia. The final piece of background to provide is precisely how neoliberal ideology was introduced to South America and into Peru.

This work will aid in explicating the political economy of Peru and how their potato growing industry has evolved over the years. Establishing historical background will help us move into the present and look at how an industry so closely linked to the local economic, social and political structures has changed through the era of neoliberalism, becoming dominated by outside interests and leaving behind growers. This paper will perform a compelling analysis of the issues of climate justice by looking closely at how local communities have been affected. The scope will be focused on squaring how neoliberal policy prescriptions have exacerbated social, economic, political and environmental degradation. It will target primarily quality of life

indicators such as job security and prosperity, environmental health, and political power in the local and regional governments.

The last piece of will be forward-looking, making an attempt to discuss the areas of most acute need. In doing so, a general guide will be discussed that will seek to guide the kinds of solutions that are to arise in Peru's future. While it's feasible to make suggestions in broad strokes, it is imperative to point out that any substantive, inclusive and practical solution can only and should only be produced and put in place by Peruvians. Even though a wealth of literature exists on the problems in Peru created by neoliberalism—and most are well-intentioned—what needs to be remembered is that neoliberal policy implementation was not a choice made expressly by Peruvians themselves. This economic mode was dictated to them by the United States government and international bodies like the World Bank and International Monetary Fund (IMF). While much of the fallout can be blamed on the character of neoliberalism itself, the rest should be blamed on a foreign, outside entity forcing “solutions” onto a people whom they have relatively little knowledge of.

A paper hosted on the IMF's website, written in a time when it was generally agreed that the outcomes of neoliberalism in South America had gone awry, said this: “[the economic policy designs Washington and Wall Street prescribe to countries that are less developed] are as faddish as skirt lengths and tie widths” (Naim, 1999). This rather scathing portrayal insinuates that the suggestions from the Global North to the Global South were generally done without a tangible basis to believe, nor evidence to suggest, that they would produce generally positive outcomes. The paper goes on much later to say that economics as a science is still largely primitive in nature, lending more credence to the idea that one or several entities dictating to one or several others how they should shape their economy will always be a risky business.

In light of such realities, we can take lessons from the core of climate justice. In an article explaining how discourse and framing matters for real-life outcomes, the authors discuss the contrast between “mainstream environmentalism” and climate justice, arguing that the most important distinction between the two is the very *concept* of the ‘environment’. Historically, conventional, mainstream environmental organizations were typically made up of affluent white people who viewed the ‘environment’ purely as a nature detached from everyday life—a wilderness escape. Environmental justice has always gone farther than this, looking at the ‘environment’ as “where people ‘live, work and play.’” It has also incorporated and used indigenous conceptions of the world to represent and understand the fluid relationships between human beings and nonhuman nature (Scholsberg and Collins, 2014). They explain that the ‘justice’ in environmental justice focuses on how *injustice* is constructed, primarily in the context of race, but also in the “distribution of environmental costs, benefits, and conditions” (Scholsberg and Collins, 2014, p. 3). This links almost directly to what the author of a similar paper writes when talking about the contours of Latin American environmentalism; “environmental justice, in a Latin American context, is inseparable from broader issues of foreign domination and external control of landscape” (McCaffrey, 2008, p. 265).

The message here is that environmental justice fights for and demands *place-based* struggles. Issues cannot and, indeed, should not be separated from the communities from which they emanate, because those very places are representative of their continued battles. To achieve any meaningful and transformative outcomes from these struggles, there must be distributional justice, procedural justice, and recognitional justice as integral parts of the whole (Kashwan, 2020). This adds texture and nuance to idea put forth by Mann and Wainwright that the fundamental principles necessary for producing a positive environmental future are equality, the

inclusion and dignity of all, and solidarity in composing a world of many worlds (Mann & Wainwright, 2020).

So, the solution here is not to, once again, impose a foreign belief and viewpoint onto an entire people. It is, rather, to say that there have been instances in which a certain kind of response has proven successful, and an adaptation might bear fruit here. Each and every suggestion should be couched firmly in the knowledge that seats at the table *must* be offered to those communities being discussed, and the wisdom and worth of these communities may not be discounted. To form any cogent argument centered around the breakdown of community organization, political outcome and agricultural success and prosperity as a result of neoliberalism is to do so with the best knowledge available from past scholarship.

## **A Short History of the World Economy**

### *Globalization*

“Since Columbus, the world has been in the grip of convulsive transculturation” (Mann, 2011, p. xxx). Charles Mann, the author of *1493: Uncovering the New World Columbus Created* expounds on this idea of transculturation. He states that it is a phrase used to describe what happens when one group takes something from another and transforms it. This idea of transculturation is the foundation of globalization—the exchange of goods across boundaries that are then adapted to a group’s situation and various needs. In this act of transculturation, some historians have argued that there was the creation of a new age: the Homogenocene (Mann, 2011). This age encapsulates the notion that “places that were once ecologically distant have become more alike” (Mann, 2011, p. 23).

Attributing all transculturation to Columbus would, by all accounts, be an inaccurate characterization. Trade has existed for millennia. One of the best examples is the Silk Road, a



network of trade routes that linked modern-day Asia with India, Africa and Europe. This facilitated not only the transport of silk—as its name would suggest—but also spices, gunpowder, honey, horses and more. The difference between this network and the one that came into formation shortly after Columbus, known as the Columbian Exchange, is this: “no previous trade networks included both of the globe’s two hemispheres; nor had they operated on a scale large enough to disrupt societies on opposite sides of the planet” (Mann, 2011, p. 7).

What’s so interesting in the context of Columbus’s creation of a new world order is that it established a dominant system of trade and economic interaction between people across the globe, but its impact clearly went further than that. The “ecological paroxysm set off by Colón’s voyages—as much as the economic convulsion he began—was one of the establishing events of the modern world” (Mann, 2011, p. 8). Globalization was not just an economic phenomenon, but a biological one.

Just as in saying that transculturation cannot solely be attributed to Christopher Columbus, creation of a global economy can also not be laid only at his feet. There were two other players during the era of exploration who must be recognized. “Dawning with Spain’s arrival in the Philippines was a new, distinctly modern era” (Mann, 2011, p. 29). Miguel López de Legazpi and Andrés Ochoa de Urdaneta y Cerain are the two men to whom a true global economy can be attributed. As was Columbus’s objective, the two were searching for a connection to China from their home country of Spain. Until 1572, when Legazpi and Cerain established trade connections in the Philippines, Europe—particularly countries like Spain and England—had largely been on the periphery of prosperous trade. This was because they had nothing under high demand in advanced civilizations like that of China; everything was seen as simple and rudimentary.

What broke through this barrier to entry was silver. Silver gleaned from the New World—the Western Hemisphere—was nothing if not craved by the Chinese. It aided the creation of the ‘galleon trade,’ the first large-scale, uncontrolled international exchange. The Galleon Trade earned its moniker thanks to the ships that were employed in transporting goods back and forth from the Philippines. Legazpi and Cerain go down in history as have having created a settlement in the Philippines known as Manila. Manila was, “until the latter half of the eighteenth century...to be commercially little more than a way-station between China and Mexico” (Schurz, 1959, p. 26).

What made this into a reality was when the Spaniards helped salvage a Chinese shipwreck off of Mindoro. That assistance, of the Chinese with a great deal of valuable merchandise, laid the foundation for the lucrative trade relationship that was to follow. The economic geography of Manila was perfect to facilitate this new global trade network; it provided access from Europe and America to Japan, China, India and the surrounding islands. This proximity to critical sources of production allowed for easy access to and dispersal of goods. Given each group’s gross appetite for trade and accumulation, there was no dearth of goods to flow back and forth across the seas (Schurz, 1959).

### *Colonialism*

Globalization not only set off trade conquests across the world, it also sparked a conquest of peoples. In a conversation on Al Jazeera’s online show “The Stream”, the host explains the lasting effects of colonialism in this way: “the empire building and resource-driven exploitation of states and their populations continue to influence the world today from language, religion and cultural beliefs to legal and economic systems.” (Al Jazeera, 2019). Colonialism is purely defined as the “control by one power over a dependent area or people” (Blakemore, 2019). To

put it in more human terms, it creates the subjugation of peoples, with conquering nations exploiting the people and resources of the nation they control.

Just as was the case with trade, some form of colonialism has existed for millennia—the Ancient Greek and Romans, for example, all extended their empires in the known world from mid 1500 B.C. onward. What we’re looking at here, though, is the existence of modern colonialism, which is often referred to as the Age of Discovery. In the 15<sup>th</sup> century, the Portuguese and Spanish, as mentioned above, began looking for trade routes outside of Europe (Blakemore, 2019). This exploration led to years of European powers locked in a protracted battle over territory and using the spoils from these territories to enrich their empires. As global trade routes were emerging and strengthening, so too were the colonial powers that controlled them.

Priyamvada Gopal, the author of *Insurgent Empire; Anticolonial Resistance and British Dissent* and Professor of English at the University of Cambridge, a guest on Al Jazeera’s show, explains how even saying there were positive outcomes of colonialism is a misnomer. This is represented by the ‘railway claim’; while colonial powers brought railroads to their colonies, which now benefit their societies decades or centuries down the line, they did not do so for the benefit of the colonized. Rather, actions such as these were for purely their own benefit, using them to further resource extraction—transporting raw materials from inland to the coastal ports—and colonizing movement. This was done with neither positive intentions nor the needs of the colonized in mind

Gopal goes on to say that capitalism is the ongoing life of colonialism and the European Imperial Project, and that at some point in history the mantle shifts from European to American powers. “One way in which we all share the legacy of the Age of Empire is that most of us live

in capitalist economies; and capitalism is very much tied up with the imperial project. And, although it had very profound cultural and racial dimensions you can't really understand colonialism without understanding capitalism" (Al Jazeera, 2019).

### *Capitalism*

To understand capitalism in the context of emerging globalization and colonialism, it is important to know the economic structures that dominated society at the time. The economic order of the day in the sixteenth and later centuries, when the Columbian Exchange and the Galleon Trade were exploding, was mercantilism. Mercantilism can be described as "maximizing *state* power and wealth is the best means of ensuring *public* welfare. *Raison d'etat* is a central economic principle, and state interest does, and should, determine economics in mercantilist theory" (Amawi & Crane, 1997, p. 5). Essentially, the philosophy of this economic policy is that only a limited amount of wealth exists in the world and, in order to secure wealth, nations should amass raw materials and natural resources to be used as sources of production. The thinking then followed that the nation should control trade in order to enhance state power instead of allowing outside entities to dictate trade success. The function of mercantilism, in the British-American colonies particularly, actually allowed for the early emergence of capitalism. This is due to the commodifying nature of the mercantilist system. In the form that the Europeans and the British engaged in mercantilist trade, they mined raw materials from the Americas, like silver and tobacco, and then sold them for profit in their home country.

By selling local products for monetary gain in this way, goods were no longer viewed in the same light. They became commodities, merely items to be bought and sold. Commodification in this way is also typically accompanied by the desire to aggregate a large amount of wealth and material possessions (Amawi & Crane). Traditional Marxist economic theory argues that

accumulation is the driving force of capitalism. To expand upon that view, one of the leading thinkers of Marxism, Lenin, contends that “competitive accumulation, and the resultant concentration of capital, lead to larger and larger national monopolies. As opportunities for continued growth and accumulation shrink domestically, these monopolies cast an eye to foreign lands. This process takes a number of different forms: the search for new investment opportunities, the need for new markets, or the demand for raw materials” (Amawi & Crane, 1977, p. 10).

The driving ethos behind capitalism is that accumulation necessitates expansion. A key strategy of globalization that paves the way for capitalism is ‘internalization of the state’— “the gradual redefinition of national interests to coincide with the requirements of global production and the empowerment of those bureaucratic elements that serve these ends” (Amawi & Crane, 1997, p. 16) Economic globalization has fundamentally made national interest and global interest the same thing and, in doing so, allowed for a select few players to amass control of the system. Where differentiation does exist in material or product availability, very rarely is it linked to a specialized seller. The market is still homogenous—market value and capital gains return to the same hands.

Power is being consolidated on a global scale in the hands of the rich, often off of the backs of historical colonies that continue to be tapped for their resources. Outflows of capital from developing countries severely inhibit the ability of these countries to develop and improve their standing globally. The conventional economic wisdom praises these outcomes, while ignoring the causal mechanisms for rampant global inequality. Neoliberal economic policies currently oversee the deepening of the justice and inequity wrought by their predecessors.

## *Neoliberalism*

The foundation of neoliberal economic policy began in earnest due to the foundation of the Mont Pèlerin Society (MPS), an economic organization comprised of numerous economic minds who opposed Keynesian economics and classically liberal economic ideals. Many of the economists who made up the society were also members of the Chicago School of Economics. These two organizations had outsized influences on economic policy from the middle of the 20<sup>th</sup> century onward, as neoliberalism became the dominant economic philosophy in the western world, as demonstrated by Ronald Reagan's presidency and Margaret Thatcher's prime ministry. The primary objective of these two organizations, the Mont Pèlerin Society in particular, was to weaken the influence labor had over the economy in order to maximize corporate profits (Mirowski & Plehwe, 2009). While weakening labor's influence had the stated goal of achieving consumer fairness through controlling prices, no evidence has been provided that supports that the diminishing wages of labor was the correct mechanism to achieve this goal (Mirowski & Plehwe, 2009).

Because of the skullduggery of 20<sup>th</sup> century neoliberals, the world has been conditioned to equate economic health with corporate profits. In reality, the quality of life of the average worker or family would be a much more telling unit of analysis for the overall health of the economy. By that metric, the global economy continues to suffer, while allowing its elites to recoup truly exorbitant compensation. For the richest, relative wages have grown since the 1970's, the beginning of the widespread implementation of neoliberal economic policy, while wages have stagnated or decreased for more vulnerable populations (Donovan and Bradley, 2018). Additionally, the collective bargaining power of labor has been systematically undermined well into the 21<sup>st</sup> century, with long-lasting repercussions. In the mid 1990's, several

South American countries underwent acute increases in wealth inequality, despite implementing fully liberalized economic systems (Harvey, 2010).

Reverse foreign aid presents another avenue through which neoliberal economic policies have consolidate wealth in the hands of elites. Simply put, reverse foreign aid is the siphoning of wealth from poor countries to richer, more developed countries, through a variety of economic transactions and policies, and illegal economic practices. Reverse aid is a widespread interstate issue and is a prototypical consequence of neoliberal economic policy. Reverse foreign aid takes many forms, and can thus be analyzed on a multitude of levels. Specific examples include the exportation of labor to less developed countries, the utilization of resources from the same countries, and the outflow of wealth from developing countries do to various economic practices.

More generally, reverse foreign aid represents an enormous blight on the world economic system. By definition, poor countries, rather than accumulating wealth with the help of the richer countries, actually lose wealth every year due to the various types of financial transactions. Both legal and illegal financial transactions cause poor countries to lose wealth to richer nations, with illegal transactions constituting the bulk of this resource loss. These financial transfers also likely result in a lowering of quality of life in poor countries, as there is significant correlation between per capita income and quality of life (Centre for Applied Research, Norwegian School of Economics Global Financial Integrity, Jawaharlal Nehru University, Instituto de Estudos Socioeconômicos, Nigerian Institute of Social and Economic Research, 2015).

## **Neoliberalism in South America**

### *Background*

To understand the landscape of Latin American governments and their economies in recent decades and at present, it is most important to begin with the Latin American Debt Crisis of the 1980s—referred to by some as the “Lost Decade”—and the resulting interventions that subsequently shaped much of the political and economic structures and institutions across the region. This crisis was the result of pernicious spending on the part of Latin America throughout the 1970s, particularly in regards to foreign loans and oil imports.

Generally, the 70s saw a large amount of growth for Latin American countries (Arias & Restrepo-Echavarria, 2015). During this time, though, they collectively borrowed a great deal of money from the United States, primarily for the purpose of purchasing oil from countries that were experiencing a boom in exporting and liquid assets. According to the United States Federal Reserve, accumulated debt increased exponentially for Latin America over the course of a mere decade; at the end of 1970, total debt was \$29 billion, at the end of 1978 combined debt was \$159 billion and by 1982, gross debt was a whopping \$327 billion (Romero & Sims, 2013).

What made this borrowing so hazardous for Latin America was a change in oil prices that occurred in 1979. OPEC, the Organization of the Petroleum Exporting Countries, increased prices, putting not only increased pressure on Latin American purchasers, but also American lenders. The St. Louis Federal Reserve Bank marks this change in prices as spurning the ‘Volcker Era’, so named because of Paul Volcker, the chairman of the United States Federal Reserve at the time. Volcker increased interest rates on loans in order to control inflation in the United States. This meant that payments on foreign debt became more expensive, and combined with the higher oil prices, Latin American countries saw the portion of their debt in the GDP rise



from around 30 percent in 1979 to 50 percent in 1982, on average (Arias & Restrepo-Echavarria, 2015). In addition, “commercial banks began to shorten re-payment periods and charge higher interest rates for loans” (Romero & Sims, 2013).

Shortly after, in 1982, Mexico defaulted on its debt which, at that point, had reached \$80 billion. Ultimately, sixteen other Latin American countries followed suit. Forced, it seemed, to take response measures to this massive default and economic collapse, the United States and various other players like the International Monetary Fund and the World Bank jumped into action. Enter here what has come to be known as the Washington Consensus.

The Washington Consensus “usually refers to the level of agreement between the International Monetary Fund (IMF), World Bank, and U.S. Department of the Treasury on those [set of policy recommendations for developing countries]” (Britannica.com). Many people came to see the Washington Consensus as a policy prescription that called for the increased operation of the free market and the decreased involvement of the state, as these conditions were seen to be crucial for the development of the Global South. Those policy prescriptions largely contained advice accompanying loans—typically, stabilization and structural adjustment programs attached as policy conditions.

John Williamson, the primary architect of the Washington Consensus, has written since its broad implication that his suggestions—and, by his own definition, what he *viewed* to be the consensus among various actors in Washington—have been largely misconstrued as pushing neoliberalism on Latin American countries (Williamson, 2004). Whatever his intentions were, it is difficult to deny that the outcomes of the Washington Consensus saw through the implementation of neoliberalism widely; there was privatization of state-owned enterprises,

allowance of vast foreign investment, reduction of government spending, trade liberalization, and a general instillation of the idea that the market should be allowed to operate “as it will”.

“Domestically the debt crisis was a sign of the exhaustion of the previous model of import substitution which, while it had led to the successful industrialization of the larger economies, bequeathed a legacy of underinvestment, inefficient protected industry, and social and economic inequality” (Green, 1996, p. 109). Plucked from the paper “Latin America: neoliberal failure and the search for alternatives”, written at a time when the debt crisis was still very recent history, this sentiment echoes the views of other scholars and historians who have analyzed the Latin American case. Unfortunately, it also does a good job of describing how the response to the debt crisis—the Washington Consensus and imposition of neoliberal reforms—racked Latin American countries.

Broadly, almost all countries went through a ‘stabilization period’, wherein they tried to control for inflation by freeing up market barriers, a ‘structural adjustment’, which saw the diminishment of state power and further removal of rigidities, and a strong pivot to export-led growth. These actions, while admittedly finding some success on the macroeconomic level—allowing countries to pay back some of their debt, increase overall standard of living, etc.—left in their wake an array of more diffuse, but no less poignant issues. Adherence to neoliberal policy all but locked Latin America “into a model of export-led growth based on raw materials and cheap labor, leading to growing impoverishment and irrelevance within the global community” (Green, 1995, p. 118).

### *Contemporaneous Outcomes*

The aforementioned author of a piece published by the IMF argues that citizen demonstration and revolt during the 90s can certainly be used to further the point out that whatever the “economic” outcome of these policy implementations, the social and real-world impacts were not felt in a good way. They discuss the 1992 revolts led by Hugo Chavez in Venezuela, which were against the broad macroeconomic reforms. These people were revolting in light of the fact that role of institutions in making reforms effective was largely ignored for years. The author also brings up the 1994 armed peasant revolt in Mexico in reaction to NAFTA (North American Free Trade Agreement). On the same day that NAFTA was signed into law, the EZLN staged an uprising against the Mexican government; more evidence that the neoliberal reforms were not supported (Naim, 1999).

This kind of universal experience points to one of the underlying issues of neoliberalism. It ignores small economies, rural systems that don’t function with the goal of accumulating wealth, that operate well in a place-based manner. By inadvertently arguing that such places are not “productive” because they don’t stockpile resources obfuscates the point; the point here being that economic intervention was not done to improve the livelihoods of the people. The purpose of such an economic intervention was to raise the overall appearance of economic success on a global stage, regardless of the civil impact. The backlash felt as a result of neoliberalism should serve as a sign that work must be done to remediate negative impacts.

### *The Peruvian Case*

Peru experience tumult like most other Latin American countries that sought to solve their economic woes by implementing neoliberal economic policy. The country borrowed

heavily in the early 1970s, causing the country's personal debt to quadruple from \$4 billion between 1970 and 1975. The response to the spike in debt was unkind, and relatively quick; "social effects of the government's economic policies, including massive sackings in the public sector, helped prompt a series of general strikes, the first and most successful taking place in October 1977" (Roddick, 1988, p. 161).

Social unrest and economic hardship were exacerbated by the renewed leadership of Fernando Belaunde, democratically elected president in 1980. Belaunde was enthusiastic about implementing neoliberal prescriptions and working in concert with the IMF. Stabilization strategy prescribed by the IMF was to reduce the pressure of demand in the economy, and Belaunde took to reducing government spending and encouraging foreign enterprise. In response, imports flooded the Peruvian market and Peruvian exports were devalued; government revenue dropped as tariff reductions on imports eroded tax income and export earnings plummeted. All the while, domestic fuel prices were increasing, outstanding payments on foreign debt were getting higher and higher, and inflation started to spiral out of control (Burr et al., 2020) & (Roddick, 1988). In 1983 the growth rate was negative 12 percent—the worst in recorded history (Roddick, 1988). Between 1980 and 1985, inflation rose by 3,240 percent (Burr et al., 2020).

By 1985, popular unrest and political discontent allowed for the APRA party to elect the country's first president, Alan García, a young, left leaning figure. García, in an unprecedented move, declared that Peru would pay no more than 10 percent of its annual export earnings on servicing foreign debt, a debt that at that time totaled almost \$14 billion (Burr et al., 2020).

"Peru's debt policy grew out of the basic convention that economic growth could not take place

so long as the country continued to devote a large portion of its resources to servicing the external debt” (Roddick, 1988, p. 177).

In late 1986, however, the IMF dealt a blow back and announced that Peru was ineligible for further lending, worsening their relationship with other entities like the World Bank and in the eyes of the international community. Left with what seemed like few other plays, García moved to nationalize banks in 1987, causing what national support he had across the country to wane. Alberto Fujimori took up the mantle at the end of García’s term, and with gusto brought a full return of neoliberal economic policy to Peru (Burr et al., 2020). With the help of Carlos Bolona, Fujimori’s Economy Minister, they took advice straight from the IMF and other international bodies, introducing a ‘classic shock’ program. Privatization beginning earnestly in the early 1990s—of entities like state-owned mining operations and utility companies—and saw the economy through to extremely prosperous times; in 1994 the growth rate was 12.8 percent, the highest in the world at the time (Holligan de Diaz-Limaco, 2000) & (Burr et al., 2020).

This rebound was, mirroring the experience of other countries across Latin America, short-lived. By 1996 the growth rate was just 2.8 percent (Holligan de Diaz-Limaco, 2000). Though Fujimori retained power until 2000, he was eventually driven out and fled the country on account of corruption charges, and left his predecessors to inherit a deep economic recession (Burr et al., 2020).

One important note to not lose sight of is this, summed up by the vice-president of Citibank in 1927: “the vast majority of the principal sources of wealth in Peru...are controlled by foreign owners, and apart from wages and taxes, none of the value of production is retained in the country” (Holligan de Diaz-Limaco, 2000, p. 44). It was true almost one hundred years ago, and it remains true now; Peru is heavily dependent on extractive industries, and has historically

seen profits accumulate in the hands of foreign entities, even before the times of neoliberalism. Neoliberalism has, though, been the guise under which foreign players can purport to do economic good for the country, while taking the same or increased action to deepen their pockets. The booms and busts witnessed in the Peruvian economy between just the time of 1970 and 2000 go to show that the conventional economic wisdom and what is believed to work is fundamentally flawed. Neoliberalism, and the exalting of those very same systems that did damage in the first place, has only made a bad problem worse.

## **History of the Potato**

### *A Broad Look at the Significance of The Potato for Agriculture and Modern Life*

Today, the potato is the fifth most important crop worldwide (Mann, 2011). 2008 was declared the International Year of the Potato to celebrate and focus the world's attention on the role of the potato in providing food security and helping to alleviate poverty (Lutaladio & Castaldi, 2009). This staple for diets around the world hails from the Peruvian Andes and its history and importance is undeniable. "The potato yields more nutritious food more quickly on less land and in harsher conditions than any other major crop" (Lutaladio & Castaldi, 2009, p. 492).

The potato was first cultivated around 8000 years ago and today around 5000 varieties exist. While Andean cultures in particular and South Americans more generally have appreciated and cultivated the potato for thousands of years, it's a relatively new introduction to Western societies. Spanish conquistadors introduced the potato to Europe in the 16<sup>th</sup> C but it was not taken to kindly—it was met with superstition and distain (Lutaladio & Castaldi, 2009).

Antione-Augustin Parmentier, a French nutritional chemist, is the most prominent name associated with bringing popularity to the potato in Europe. In response to the Flour War that happened under Louis XVI's reign, Parmentier worked tirelessly to spread potatoes to commoners and high society. His reasoning was well intentioned as "France, the historian Fernand Braudel once calculated, had 40 nationwide famines between 1500 and 1800, more than one per decade. This appalling figure is an underestimate, he wrote, 'because it omits the hundreds and hundreds of *local* famines.'" (Mann, 2011).

However, in exalting the potato, Parmentier changed its makeup forever. By encouraging the mass replanting of the few landraces of potatoes brought over by Spaniards, he was effectively encouraging a monoculture. The effects of this were profound: "hunger's end helped create the political stability that allowed European nations to take advantage of American silver. The potato fueled the rise of the West. As important in the long run, the European and North American adoption of the potato set the template for modern agriculture—the agro-industrial complex" (Mann, 2011, p. 253).

The agro-industrial complex rests on three main components: improved crops, high intensity fertilizers, and factory-made pesticides. All three are tied to the potato and its global reach facilitated by the Columbian Exchange. In short, productive Andean growing techniques and hearty varieties allowed for 'improved' cropping, Peruvian use of guano as fertilizer for potato cropping was co-opted by colonizing powers and spread throughout the Western world, and the Colorado potato beetle—a harmful pest that infested potato crops—inspired the creation of the first pesticides (Mann, 2011).

The guano trade is particularly important to touch upon, because in the early 1800s, Peru exported about 13 million tons over a period of forty years. Guano demand outstripped supply

once it was commercially sold as a fertilizer and countries increasingly fought over the rights to this commodity. Peru was determined to reap the financial reward of their valuable export—and thus charged higher prices than the international community found acceptable. In response, the United States passed the Guano Islands Act in 1856, which authorized Americans to seize any guano deposits that they discovered. Over the next fifty years, the United States assumed the responsibility of almost 100 island bodies (Mann, 2011).

“The arrival of guano ships in Europe and the United States marked an earlier, equally profound Green Revolution” (Mann, 2011, p. 280). Technical innovations and the spread of industrial monocultures changed the human relationship with agriculture forever. Peru and the potato brought about the dawn of a new era, the shift from local subsistence to growing products destined for market. This shift, though, was not perpetrated by Peru themselves. Colonial and imperialist powers were responsible for the mass transformation of agriculture, the extraction of agricultural resources, and the trade of crops and commodities. If not for the systems of globalization and capitalism employed by the Western empires, Peru’s own history with the potato might look much different.

### *Peru and the Potato*

Cusco, Peru is home to the Potato Park, an indigenous biocultural heritage area set aside for protection and preservation. The six Quechua communities that live in the Písaq district in Peru are deeply connected, both by history and livelihood, to this space of land. Commemorating and enshrining six of the nine potato species grown in Peru, and about 2,300 of the 4,000 varieties known worldwide, the park celebrates the origin and diversity of the potato, but also a way of life (Argumedo, 2013).



Quechua communities practice and embody something known as *ayllu*— “living in a reciprocal relationship with the land, each other, and the spirit world” (Bollier, 2016). Typically described as a political and socio-economic system, it has roots in an ecological context. One of the tenets of this ideology is that achieving equilibrium between and across natural systems is paramount. This ethos has been central to Peru’s agricultural communities being able to maintain biodiversity and sustainability in their growing practices (Yun Loong Wong & Argumedo, 2011). The territorial approach to shared practices and values “allows dialogue and cooperative knowledge construction” and results in a “territorial development strategy that diversifies the range of values available to the development process, moving beyond strict market-based objectives to realize a diverse set of holistic values and relationships around indigenous identity, reestablishing and enhancing old and new biocultural networks of exchange” (Argumedo, 2013).

Potatoes are highly respect in Andean culture. Recognized as integral to the development of stable communities and continued nourishment, ceremonies and ritualistic practices surround the cultivation and use of the potato even in modern life. Quite literally, they are essential to both the lives and livelihoods of the Andean people; 70 percent of highland people’s ingested calories come from the potato (Angé, 2018). Some historians have even posited that it was the catalyst of the formation for Andean societies; Redcliffe Salaman, the author of *History and Social Influence of the Potato*, “advances the idea that potato use was a prerequisite for Amazonian people being able to move from the rainforest and establish settlements in the Andean highlands” (Angé, 2018, p. 33).

Peruvians have a fluid, yet distinct way of identifying different varieties. This system is dependent on the diversity of folk terms used to identify various tubers. A folk genus exists to mark potatoes from other tubers, and further folk terms are used to refer to certain species,

though these terms differ across regions. Within these folk species, distinct categories of tuber are identified based on four criteria: cultivation, edibility, processing and frost resistance. These categorical groups are then divided further into locally named varieties based on: tuber skin color, meal color and consistency, tuber shape and configuration of the eyes. Researchers found, through data collection done in the late 20<sup>th</sup> C, that the traditional mode of locally identifying and naming potatoes actually reflected botanical species divisions. That same team identified that farmers who inherited cultural knowledge about potato agriculture and employed that heritage in traditional growing practices could, on average, name about 35 different types of potatoes (Brush et al., 1981).

Throughout Peru, the most common kind of potato field is one in which varieties are mixed and randomly planted; the fertilizer in most cases applied to these fields is animal dung. The potatoes yielded from this kind of field are typically earmarked for home consumption as they introduce a wide variety of potatoes into the diet. This kind of random mixing of seed is also integral to crop evolution, as it encourages hybridization and cross-breeding (Brush et al., 1981). This growing style mimics the traditional style practiced in Peru before globalization and colonization changed and commercialized crop cultivation for quantity and export.

Potato crops are generally grown in three different ‘zones’, dictated by variations in altitude. The lowest zone, between 3,000 and 3,600 meters is what is known as the “commercial zone”, for marketable, edible potatoes that are typically “improved”—meaning genetically modified, to an extent, to be more resistant for weather forces like drought or frost—and high-yielding. Between 3,600 and 3,900 meters is the zone of primitive, ancestral classes of non-bitter potatoes. This swath of space is dominated by peasants partaking in subsistence-oriented farming, where agricultural lands are still largely under communal control, there is cooperative

labor, and there is little use of outside inputs. Zone three is the zone of bitter potatoes, best suited to being grown above 3,900 meters. The style of farming used here is the same as for zone two. The majority of households produce between zones two and three, growing primarily potatoes, with a mix of some other Andean and European crops as well (Brush et al., 1981).

Although much of the historic potato culture and growing heritage is still recognized and practiced in Peru, it's impossible to deny how foreign influence, most recently encouraging technological advancements and economic overhaul, has critically altered Peru's relationship with potato agriculture. While neoliberalism has ramped up resource extraction and export, colonial powers continue to exert pressure on potato growers through the globalized economy.

## **Neoliberal Repercussions in Latin America**

### *The Broad Contours*

The dominance of neoliberal ideology in Peru holds myriad ramifications for the country, but no more so in the sense that “development strategies based on the extraction of natural resources deepen the dependency of governments and economies of resource-rich countries that are on the periphery of the system of global capital and the imperial state at its center” (Lust, 2014, p. 197). The most enduring cause of Peru's inequitable international and intranational relationships is the extractivist nature of its economy. “The land of the new conquered territories was used to...satisfy the needs of the colonizers, not the people living there” (Segura, 2018). Globalization and capitalism, the prevailing through lines behind neoliberal economic activity today, encourage the continuous hunt of higher profit and capital accumulation, goals accomplished through the wanton commodification of nature.

Conventional neoliberal wisdom aids and abets this form of legalized theft, prescribing remedies to economic hardship by way of stripping worker protection, civil government programs, and market controls. Neoliberalism encourages instilling private companies where public ones used to be and offering an open market with favorable taxes and tariffs. Much, if not all, of these policy prescriptions work in a fashion counter to the interests of the Peruvian citizen. As countries in South America follow the guidance of imperial settlers and bodies like the IMF and World Bank, they're encouraged to ignore the pervasive issues of economic inequality and job precarity, poverty and loss of cultural traditions and social cohesion, and deteriorating environmental and health conditions. Economic turmoil, class fissures, protest and even armed revolt are unwelcome yet unsurprising byproducts of a system that works for a few, and not the masses.

#### *What Happened to The Peruvian Economy*

Like many Latin American countries, Peru's economy is dependent upon exporting raw materials at a low price, and cheap commodities to boot. Outsourcing of production and weakened protection for workers invariably lead to further precarity of jobs and increased poverty. A dependence on foreign trade is often found to use suppression of domestic demand as a tactic for selling abroad, meaning that goods and services are less available to the home country. While Latin American countries are engaged in trade relationships around the world, their power and agency in these interactions are naught when taken against that of their trading partners (Green, 1995). "U.S. strategic economic interest revolves around free-trade treaties. Of the 20 agreements of this type that it has entered into around the world, half are located in Latin America" (Katz, 2015, p. 20).

Mining in Peru is the clearest example of this relationship. In the period 1990 – 1997, worldwide investment in mining exploration and operations in Peru grew by 2000% (Lust, 2014). Today, four out of five of Peru's top exports are mined minerals—copper ore (\$13B), gold (\$7.08B), zinc ore (\$2.2B) and refined copper (\$1.85B) The resulting almost \$25 billion in exports is roughly half of the total exports for the country (OEC). Over the past ten years, the United States has remained one of Peru's most important trading partners, stably positioned as one of the top three countries for both fastest growing export and import markets. Growth in exports topped \$2 billion between 2008 and 2018, and the imports market grew by nearly \$4 billion (OEC). This exemplifies not a recent shift in international relations or atypical trade partnership between Peru and the United States, but a pattern of consistent and continuous focus on fostering dependence and resource sharing. Even the World Bank was involved in the mining sector; between 1993 and 2001, one of their main investment objectives in Peru was mining (Lust, 2014).

By encouraging trade and foreign investment the makeup of many agricultural communities changed quite a bit. No longer supporting rural demand, regions became providers of export crops. These crops, like soya, require fewer agricultural workers to produce—affecting job rates—and make it virtually impossible for rural farmers to economically compete. Often, this causes out-migration from rural communities to urban centers in search of employment; because so many people are looking for other work, and are technically unskilled, many people find themselves confronting poverty and instability still. Cultivating cash crops for export sale also places a larger burden on the land by requiring monocropping and intense irrigation—affecting environmental integrity. Extractivism exacerbates the effects of climate change that this

region is already facing: melting Andean glaciers, coastal flooding, and the desertification of the Amazon (Katz, 2015).

The underlying objective of neoliberalism is to create ripe conditions for wealth accumulation and capital hoarding and, as such, neoliberalism takes no care in accounting for social repercussions that might be wrought as a result. As the dynamics of the labor market were trending towards mechanization, social atomization increased and group cohesion became harder to maintain. Politically, this meant that citizens participated less in the representative political process and organized less. “The result was the concentration of disproportionate amounts of power and wealth in the hands of the ruling elite” (Ko, 2013). A direct consequence of a steep rise in wealth inequality is increased incidence of crime, and greater participating in narcotrafficking. “The narco-economy has become a refuge of survival for sectors pushed into marginality” (Katz, 2015, p. 17). This situation should only be taken under consideration if one recognizes that income inequality in Latin American countries is vast; “the income of the richest 20 percent of Latin Americans is almost 20 times that of the poorest 20 percent” (Katz, 2015, p. 18).

What’s more, and shall only be mentioned briefly because it does not directly relate to policy implementation—rather, more of a safeguard to ensure policy is followed—is that the United States has created a veritable military-state. The United States manages to maintain influence by deploying military forces to its southern neighbors by way of the Pentagon, the CIA, and the DEA (Katz, 2015). In 1973, for instance, the CIA helped to install General Augusto Pinochet in Chile after backing a coup to oust Salvador Allende (Segura, 2018). They have worked in concert not only to overthrow democratically elected officials that were anathema to

their goals, but have also fueled social disputes, stoked unrest and dissatisfaction, and turned a blind eye to drug and cartel activity (Katz, 2015).

### *The Effect on the Peruvian Potato Industry*

It's difficult to quantify just how much a globalized economy has fundamentally shifted the Peruvian potato market. The shift took hold in the 1950s, when so-called "improved varieties" were introduced to the Andes. Improved varieties are those potatoes that produce higher yields, have a genetic code that predisposes them to better handle extreme weather or climactic conditions, and often necessitate the use of chemical inputs such as fertilizer. Since the 1950s, they have diffused to some of the most remote communities, with even the occasional subsistence farmer cultivating them in their fields. The most significant changes, though, have been seen in communities connected to urban centers and with access to roads and markets. "The development of roads, markets and urban centers in the Andean highlands encourages small farmers to market at least some of their crops. The demand for native potato varieties is evidenced by the fact that they bring a substantially higher price than the improved, high yielding ones" (Brush et al., 1981, p. 82). Potato crops that are intentionally grown as commodities occupy those lower altitudes so that they can be irrigated close to the roads for easy transport.

Not only has the industrialization and urbanization changed what's grown, it's also changed access to what is grown. Traditionally, "seeds"—potato cuttings that are propagated—are passed by person to person. Farmers would, in some cases, have to travel up to 50 km to seed producing areas for their years stock. Now, too, that system has been supplanted by trucks and centralized markets (Brush et al., 1981).

The problem isn't just that improved varieties are becoming more prevalent. On its own, that might purely suggest the joint evolution of an industry to meet and accommodate new needs. The problem lies in the fact that "the politics of modernization and commercialization of agricultural production have jeopardized agrobiodiversity in peasants' fields", often because families are worried about making enough money to feed themselves (Angé, 2018, p. 30). Improved varieties are grown separately from native varieties, primarily as a cash crop, not for domestic consumption (Brush et al., 1981). Commercial agriculture demands that tubers be large and uniform, which is simply antithetical to the practice of growing native varieties. The massive campaign to modernize the state, championed first by national and international NGOs and later helped by the imposition of neoliberalism, was intended to improve peasant livelihoods by way of increasing market opportunities (Angé, 2018). However, one of the clear results is that this push towards modernity has eroded traditional agricultural knowledge and practices and threatened diversity of the potato crop.

The families that choose to cultivate a larger bulk of improved varieties rather than native varieties do so not out of scorn for traditional agriculture, but out of familial concern. The majority of them see it as a strategy to earn money, giving them the resources to buy their own sustenance. Both farmers who grow native and improved varieties agree that the chemical inputs for improved seeds are detrimental to ecological integrity and are associated with increased cost in acquiring seed and dependence on commercial distribution systems (Angé, 2018). Another clear issue for Peruvians is that they have "observed that improved potato varieties 'degenerate' rapidly, losing yield and producing deformed tubers. Native varieties, on the other hand, maintain acceptable yields and tuber forms indefinitely" (Brush et al., 1981, p. 83).



Beyond these issues, there are many actively beneficial reasons to plant native varieties: taste, storage quality and seed variability (Brush et al., 1981). Improved varieties have such high water content that they're almost tasteless—in the eyes of Peruvian highlanders—and are also less nutritious (Angé, 2018). The floury consistency and higher dry matter content of native varieties mean that they are not regarded as “insipid, watery, palatable only in soups, fried, or to indiscriminating potato eaters”, as are their counterparts (Brush et al., 1981, p. 83). If their lack of taste at the outset wasn't bad enough, they also do not retain palatability in storage, often becoming bitter while native potatoes remain edible after months of storage (Brush et al., 1981).

The underlying problem is the gap between theory and praxis. In theory, agriculture is adaptive, and improved potato varieties can be beneficial for Peruvian peasants that want to increase cash flow while still practicing the same agriculture they have for centuries. Played out, though, this theory is not realized. “Botanists have suggested that native Andean potato fields are dynamic evolutionary systems” (Brush et al., 1981). This defining feature of rural, Andean potato agriculture is unsympathetic with the Western style of cultivation. Industrial farming is not done in the name of maintaining ecological diversity, taste or choice. Variation from year to year or season to season is virtually nonexistent, in an effort to placate customers that have grown dependent on being able to eat out of season. Globalization facilitates ease at the grocery store, while watching the biological systems necessary to grow food breakdown under parasitic growing conditions.

Western hegemony promotes the paradigm of Western food and agriculture as an across-the-board solution to perceived struggles. The heavy-hand that implements these systems misunderstands the nature of Peruvian society and land. Assuming that the two will be sympathetic to a model they neither designed nor sought out—that has clear drawbacks—is an

outcome of hubris. Ian Bruff, the author of a piece for ROAR Magazine called “Authoritarian Neoliberalism,” perfectly explains how the conventional wisdom around issues like this is flawed, arguing that it is narrow and misleading to characterize neoliberalism as just a political program that valorizes the free market (Bruff, 2016). Neoliberalism is a collection of policy prescriptions that imperialist powers and global corporations employ to maintain influence, just as forcing countries to conform to Western agriculture aids agribusiness giants in keeping a firm hand on the industry and its money.

### **Pressing Concerns for Ameliorating the Livelihood of Peruvian Potato Growers**

#### *Access to Profitable Supply Chains*

Increasingly, one of the most difficult choices for Andean potato growers is not only what they are going to grow, but how they are going to sell. For the future of potato agriculture to be meaningfully profitable, producers need access to markets that are going to provide adequate compensation for their labors that will allow them to support their families and communities. A comprehensive study published in 2018 about value chain development analyzed the Peruvian case closely. Value chain development (VCD) is noted as being one of the most prominent strategies for transforming smallholder agriculture because it is designed to focus more on specialty crops. “The assumption is that incorporating smallholder farmers into competitive market opportunities will lead to poverty alleviation, food security, and other desirable development outcomes” (Tobin & Glenna, 2018, p. 542).

Much of the work of VCD occurs across different stakeholders, from governments and nongovernmental organizations, to large agribusiness companies and small farmers. The authors take care to note that “the context under which smallholder farmers operate has become more

complex, especially as neoliberalism has created new governance structures and mechanisms and shifted the relationships between the state, market, and civil society” (Tobin & Glenna, 2018, p. 544). This wisdom also incorporates the idea that VCD operates on the assumption that ‘smallholders’, like rural, local potato growers in Peru, will act rationally in their own economic self-interest and participate in these value chains to improve their well-being. “As the World Bank (2007) argues, establishing efficient value chains and enhancing the competitiveness of smallholders offer pathways out of poverty, even though evidence indicates that many smallholders eschew these market opportunities” (Tobin & Glenna, 2018, p. 543).

The study references Norman Long, someone who has long looked at the trajectory of international development, and states that, according to his scholarship, this kind of development introduces global market forces to local sites (Tobin & Glenna, 2018). It’s important to make clear, here, that this is not necessarily a prejudicial characterization or indictment of development projects. What it points out, however, is that outcomes are never set to be uniform—they depend on the interaction of the vertical and horizontal components of any value chain after new practices are introduced (vertical meaning all successive stages of the chain; horizontal meaning all the various players at one stage).

One salient point that bears mentioning is this: “in the agrifood system, governance structures are often characterized by power asymmetries and exclusion” (Tobin & Glenna, 2018, p. 546). This remains particularly relevant as we more closely examine a specific case of VCD implementation in Peru. In 2007, a multistakeholder partnership was established between PepsiCo—the owner of Frito Lay’s—and smallholders. To facilitate communication and cooperation, as well as the aggregation and sale of potatoes, a national NGO known as FOVIDA

was brought into the mix. Three main issues arose with this initiative: pricing, quality requirements, and market access (Tobin & Glenna, 2018).

Let's first look at the pricing component; according to the authors, the price offered to smallholders by PepsiCo was more than three times what they would typically receive at their local market for the same product. Evidently, this would seem a very enticing offer for rural poor who are seeking to advance their own economic well-being. However, many people found that the overall production costs associated with the project were too high to justify investment—the competitive market prices were not enough to account for labor and other input costs. This kind of a discrepancy between monetary outlays and returns is not specific to this case, or even Peru as a whole. Starting in 2013 and even up till recently, farmer suicide in India has been a widely discussed consequence of foreign companies like Monsanto encouraging farmers to purchase their seed and grow “improved” crop varieties (Shiva, 2013). While later reporting tends to attribute this more to climate change rather than to the impacts of a change in growing patterns, there are clear reasons for the spikes in suicides regardless (Safi, 2017).

Improved varieties require continual purchasing of seed because it is not meant to last into growing seasons (Shiva, 2013). This issue is reflected by Peruvian accounts that improved seed varieties deteriorate much faster than their native counterparts (Brush et al., 1981). Seed varieties such as these also necessitate much greater use of fertilizers and pesticides for weed and pest control, as well as increased water input. This can be coupled with the associated cost of more technology and mechanization, which requires a great investment that is not necessarily recouped at market. While this study does not explicitly make clear these points, it's safe to assume that these are the negative drawbacks seen and referenced by smallholders they spoke with.

Now, let's look to the second issue with PepsiCo's program: quality requirements. According to one participant of this value chain, the company rejected 40 percent of his total harvest he tried to sell through them, while another member had not managed to sell any portion of his harvest for three years. It was noted that there was uniform frustration with quality requirements. Not only was this deeply troubling for the participants, who were sold this program on the perceived merits that it would offer them financial stability, but it also spurned other potential participants away who heard about the negative experience of other smallholders.

The final problem can be seen as an extension of this issue, as it is lack of access to market in general. The main matter here was that PepsiCo decided to suspend contracts for the 2010-2011 growing season while failing to inform FOVIDA of their decision until December. As a result, most of the participants of the program had already planted their crops for the season, and harvested their potato crops with no possibility of selling them to the company. They had to make do with the meager returns they got at the local market. This was especially difficult, given that the types of potatoes they were growing were more suitable for frying—to be made into chips for Frito Lay—rather than boiling—the normal form of consumption. Such lack of information and negative outcomes spurned even more farmers against VCD in general (Tobin & Glenna, 2018).

What's most notable in a case like this is that the promise of economic prosperity cannot be realized unless stakeholders communicate effectively and cooperate in the service of the poor, rather than in the service of their company. It should also be noted that the households most apt to participate in a program like this already hold more wealth than the supposed "poor" these programs are targeting; "participating households were significantly more likely to cultivate more crops and more native potato varieties, own more types of animals, possess more value in

animals, have larger landholdings, have more social resources, engage in more livelihood activities, and have more household members” (Tobin & Glenna, 2018, p. 560). This should bring sharply into focus the question of who these programs are working on behalf of, and who might they be exploiting.

As neoliberalism exacerbates issues of income inequality between the very rich and very poor, they also exacerbate inequalities like this. Access to programs that are supposedly designed to uplift poor communities have been evidenced to aid the people who are already well-off, relative to their poorer counterparts. Meeting the needs of these people, then, has to go beyond NGOs stepping in for mediation purposes, and offer a voice, a platform and agency to the communities in question.

### *Maintaining Environmental Integrity*

Peru has been identified as one of the ten countries in the world most vulnerable to climate change, presenting four out of five characteristics the UNFCCC recognizes for vulnerability. “Vulnerability is also configured by the persistency of poverty, endangered ecosystems, retreat of tropical glaciers, the distribution of water resources, economic activity highly dependent on climate, and low level of institutional capacity, organizational capacity and resources to face climate change impacts” (Libélula Comunicación Ambiente y Desarrollo & E3G, 2014, p. 7). Climate vulnerability is an intersectional issue, arriving at a junction with poverty, historic racism and imperialism, lack of government aid and protection, and so much more. For Peru, forming a thorough and thoughtful response to climate change will call for a systematic approach that confronts the country’s shortcomings and substantively seeks to rectify them with swift and forceful action.

While neoliberalism was discussed above as being a key underlying player in determining access to lucrative markets, globalization is the underlying player in determining environmental outcomes in an agricultural context. “Globalization of food trade in agricultural commodities is in some senses the antithesis of key concepts of sustainable agriculture—particularly the emphases on local, typically smaller scale supply and marketing systems, reduced reliance on off-farm resources, and nourishing local ecosystems and economies” (Swisher, Ruiz-Menjivar & Koenig, 2017, p. 1). To combat threats to sustainability and create systems that actively promote renewability and resilience requires a specific understanding of how the global food trade distances resource depletion from consumption. Only by calling out the uneven relationship between Peru’s trading partners, particularly the United States and capitalist food corporations, can one begin to dismantle the framework that exacerbates climate change in Peru and perpetuates environmental inequality and environmental racism.

An articulation of one idea for creating a vital foundation to avert a climate disaster that also meets the demands of climate justice is presented by Naomi Klein in her piece “Puerto Ricans and Ultrarich ‘Puertopians’ Are Locked in a Pitched Struggle Over How to Remake the Island”. Within her writing she expounds the idea of ‘multiple sovereignties’. What she heard from the communities of Puerto Rico through her reporting, done in the wake of natural disasters, was a call for control over the various sectors of their economic, social, and even political life. She explains, “food sovereignty, liberated from dependence on imports and agribusiness giants; energy sovereignty, liberated from fossil fuels and controlled by communities. And perhaps housing, water, and education sovereignty as well” (Klein, 2018).

This proposition, which encourages putting control and power back into the hands of communities and their inhabitants, offers many benefits for the Peruvian people, not the least of

which is that potato producers can create their own viable marketplaces and supply chains for their crops. There is a need for many small and localized responses to climate change that can then be strung together and built out. Creating environmentally- and socioeconomically-friendly supply chains is, without question, a big ask. However difficult it proves to be, though, does not make it any less crucial undertaking. The extractivist nature of the Peruvian economy has long ignored the strain that it puts on Peruvian livelihoods, particularly in light of the fact that “governmental income...from the activities of extractive industries is of crucial importance to the government in order to finance its social and infrastructural programs” (Lust, 2014, p. 198). There exists an inherent flaw in the way that Peru finances its social safety net, something that consistently comes at the cost of environmental integrity. The juxtaposition of government aid and natural resource extraction is stark, when taking into account that the two go hand-in-hand.

To tackle the deeply entrenched issues of environmental exploitation and producer exploitation on the global scale necessitates a reconceptualization of government and how it can represent the Peruvian people. Representation in all of its forms, whether that be socially, economically or environmentally all, at their core, tie back to some sort of political representation. The idea of inclusion here is crucial, as any just response will not be robust or representative if it does not take into account the lives and livelihoods of all its citizens. Equality is an essential underpinning of any representative conversation, and it augments solidarity across localities and communities.

### *Government Representation*

Prescribing broad policy recommendations for an entire bloc of countries is difficult for a myriad of reasons, not least of which is the piecemeal nature of implementation and differing



intra-country social and cultural structures. Each country operating as its own sovereign entity places some barriers on the efficacy of any suggestion of policy. However, Katz explains best how neoliberalism can be responded to, writing “governments can reach their progressive goals only if they radicalize, confront the ruling class, and begin to eradicate the primary-export model. The key to this turn is found in the revolutionary transformation of the state” (Katz, 2015, p. 38). This kind of a movement already shows roots in communities across Latin America, where groups reject imperialism and right-wing policies.

Quinn Slobodian, the author of *Globalists: The End of Empire and the Birth of Neoliberalism*, says that neoliberalism is a ‘proactive project’ to protect the world economy from the people. Post-neoliberalism, in many of the ways it is currently playing out in Latin America, is a search for autonomy in governance, returning actual sovereignty to the people. There’s good reason for this, one of which being that many of the regions that imposed neoliberal policy, such as Chile, have seen drastic booms and busts in the economy (Green 1996). Civil unrest in these areas has been more than evident; “the top-down manner in which neoliberal economic policies have been designed and implemented has exacerbated the sense of exclusion, which has undoubtedly contributed to a resurgence of protest behavior” (Arce, 2008, p. 48). This is very evident in Peru, where the most common type of social conflict, representing 46 percent of all conflicts, comes in the form of mobilizations against foreign direct investment (Arce, 2008).

As the incidence of protests have risen across Latin America in the years after neoliberalism, they have also become geographically segmented and territorially specific. This kind of collective action has also proven to be done in tandem with groups such as indigenous peoples, workers, and women’s organizations (Arce, 2008). Popular resistance can serve as a good backdrop through which to argue for more localized representation and governance.

Popular citizen demand has, in many cases, produced results that the political parties were not able to; instead of merely granting meager concessions to these groups, they won out by stopping, for example, large attempts at privatization and forcing corrupt politicians from their seats (Arce, 2008). Such activism and involvement should be seen as an integral part of forming a new order post neoliberalism.

One can also look at ALBA, the Bolivarian Alliance for the Peoples of Our America, as an example of resistance to neoliberalism and the formation of a new order. Venezuela and Cuba first made an alliance that saw their economies cooperating by sharing resources—ALBA was later joined by six other entities. They’re largely attempting to operate outside of the capitalist contours of society, adopting grassroots movements and turning to socialism to better improve the lives of their people (Katz, 2015).

## **Conclusion**

*End the charade.*

“Neoliberalism has always been about the *reconceptualization* and not the amputation of the state, according it a central role in producing the kind of society that neoliberals wish to see...Neoliberalism has nothing to do with markets as commonly conceived, and everything to do with the orchestration of social relations *in the name of* markets...Neoliberalism in principle *and* practice is fundamentally about coercive, non-democratic and unequal reorganization of societies along particular lines” (Bruff, 2016).

The genesis of neoliberalism is a moot point; the tangible implications of neoliberal policy are not. Snubbing the conceptual forefathers of neoliberal ideology from the historical record is intellectually dishonest. Any argument crafted on the behalf of neoliberals, that argues

they operate with benevolence in foreign countries, is flimsy at best. After looking at even such a sparse collection of evidence as this, it should be clear that, regardless of intention, neoliberal policy has not worked to improve the international perception, legitimacy or real economic standing of a country like Peru. While this analysis was by no means exhaustive, it lays bare the outcomes of neoliberal policy implementation in furthering an economic divide.

Globalization, colonialism and capitalism opened the chasm between the Western imperialists—European powers like Britain and Spain, and the United States—and neoliberalism serves to widen it now. Reworking the tenets of those three systems, neoliberalism has overhauled the global economic system once more. Neoliberalism has created a system which rewards and perpetuates extreme wealth, while also assisting and protecting corporations; neoliberalism vests power in rich elites, and away from public institutions; neoliberalism breaks the social cohesion of the oppressed classes, leaving them to viscerally experience the breakdown of political representation, environmental degradation, and violence and in-fighting as they scrounge for scraps in a society that offers them no support.

Even value chain development programs have a seedy underbelly and lousy intentions. “Participating in pro-poor value chains is often an opportunity for agrifood firms to build their portfolios of corporate social responsibility, which seeks to address consumers’ concerns about externalities of market behavior while maintaining competitiveness” (Tobin & Glenna, 2018, p. 546). The main purpose of corporate social responsibility is to break social unity and make it so that civilians turn a blind eye to what corporations do behind the scenes. It helps put in place mechanisms to obscure the real issues, and legitimize the function and purpose of companies that extract wealth and resources. Emphasis on the social responsibility by practiced by corporations and wealthy individuals effectively closes down the forums for public debate. “As a matter of

fact, private corporations are more willing to introduce, voluntarily, self-regulative mechanisms like codes of conduct, instead of breaking the legal framework introduced in the 1990s” (Lust, 2014, p. 201).

No justice can come from a system that causes rampant environmental and social harm. The failing livelihoods of Peruvian potato farmers are not an unforeseen consequence of a working system; they’re not the unfortunate result of a broken system; they are the known outcome of a system that is functioning exactly as it was intended.

This paper cannot offer solutions for all of the ills wrought by neoliberal imposition in Peru, and it was not intended to do so. Rather, it should serve as a catalyst, used to spark conversation around the formation of a global economy that is systematically leaving behind the majority of its people. Any reader should take to heart that meaningful change starts by listening to those affected. Job security and a livable income, meaningful social interactions and community, environmental health and resource abundance, acceptance and representation—these are all things that everyone deserves. They can be had if people take the time to substantively dismantle the discriminatory systems that disallow these realities. Returning justice to people who haven’t felt it for so long requires equality, inclusion, and representation. We can take guidance from the Quechua communities, the first peoples to cultivate the potato. Strive for equilibrium and reciprocal and respectful relationships with all living things.

## References

- Acre, M. (2008). The repoliticization of collective action after neoliberalism in Peru. *Latin American Politics and Society*, 50(3), 37 – 62.
- Al Jazeera English. (2019, December 9). How does colonialism shape the world we live in? | The Stream. [YouTube Video]. Retrieved from <https://www.youtube.com/watch?v=pOdLzM4lz-Y>
- Amawi, A. & Crane, G. T. (1997). *The theoretical evolution of international political economy*. New York: NY. Oxford University Press.
- Angé, O. (2018). Interspecies respect and potato conservation in the peruvian cradle of domestication. *Conservation & Society*, 16(1), 30 – 40.
- Argumedo, A. (2013). The potato park and biocultural heritage. *International Institute for Environment and Development*.
- Arias, M. A. & Restrepo-Echavarria, P. *Sovereign debt crisis in Europe recalls the lost decade in Latin America*. Retrieved from <https://www.stlouisfed.org/publications/regional-economist/january-2015/sovereign-debt-crisis>
- Blakemore, E. (2019, February 19). *What is colonialism?* Retrieved from <https://www.nationalgeographic.com/culture/topics/reference/colonialism/>
- Bollier, D. (2016, August 6). *The potato park of peru*. Retrieved from <https://www.resilience.org/stories/2016-08-16/the-potato-park-of-peru/>
- Bruff, I. (2016). *Authoritarian neoliberalism and the myth of free markets*. Retrieved from <https://roarmag.org/magazine/ian-bruff-authoritarian-neoliberalism/>
- Brush, S. B., Carney, H. J., & Huamán, Z. (1981). Dynamics of Andean potato agriculture. *Economic Botany*, 35(1), 70 – 88.

Burr et al. (2020, March 21). *Peru*. Retrieved from <https://www.britannica.com/place/Peru/The-second-junta#accordion-article-contributors>

Centre for Applied Research, Norwegian School of Economics Global Financial Integrity, Jawaharlal Nehru University, Instituto de Estudos Socioeconômicos, Nigerian Institute of Social and Economic Research. (2015, December). Financial flows and tax havens: combining to limit the lives of billions of people. Retrieved from [https://secureservercdn.net/45.40.149.159/34n.8bd.myftpupload.com/wp-content/uploads/2016/12/Financial\\_Flows-final.pdf](https://secureservercdn.net/45.40.149.159/34n.8bd.myftpupload.com/wp-content/uploads/2016/12/Financial_Flows-final.pdf)

Donovan, S. A. & Bradley, D. H. (2018, March 15). Real wage trends, 1979 to 2017. *Congressional Research Service*. Retrieved from <https://fas.org/sgp/crs/misc/R45090.pdf>

Geddes, M. (2014, November). Neoliberalism and local governance: radical developments in Latin America. *Urban Studies*, 51(15), 3147-3163. <https://doi.org/10.1177%2F0042098013516811>

Gowdy, J. & Lennox, E. (2014, December). Ecosystem governance in a highland village in Peru: facing the challenges of globalization and climate change. *Ecosystem Services*, 10, 155 – 163. <https://doi.org/10.1016/j.ecoser.2014.08.007>

Green, D. (1996, March). Latin America: neoliberal failures and the search for alternatives. *Third World Quarterly*, 17(1), 109 – 122.

Harvey, J. T. (2010, June). Neoliberalism, neoclassicism, and economic welfare. *Journal of Economic Issues*, 44(2), 359-367.

Holligan de Diaz-Límaco, J. (2000). *Peru in focus : a guide to the people, politics, and culture*. New York: NY. Interlink Books.

Kashwan, P. (2020, March 10). *Climate justice : an introduction*. University of Connecticut.

- Katz, C. (2015, July). Dualities of Latin America. *Latin American Perspectives*, 42(4), 10 – 42.  
<https://doi.org/10.1177%2F0094582X15574714>
- Klein, N. (2018, March 30). *Puerto Ricans and Ultrarich 'Puertopians' Are Locked in a Pitched Struggle Over How to Remake the Island*. Retrieved from  
<https://theintercept.com/2018/03/20/puerto-rico-hurricane-maria-recovery/>
- Ko, N. (2013). Cementing class differences: globalization in Peru. *Perspectives on Global Development and Society*, 12, 411-426. <https://doi.org/10.1163/15691497-12341264>
- Libélula Comunicación Ambiente y Desarrollo & E3G. (2014). Towards a functioning pathway for climate action in peru.
- Lust, J. (2014) Social struggle and the political economy of natural resource extraction in peru. *Critical Sociology*, 46(2), 195 – 210.
- Lutaladio, N. & Castaldi, L. (2009). Potato: the hidden treasure. *Journal of Food Composition and Analysis*, 22, 491-493.
- Mann, C. (2011, November). *How the potato changed the world*. Retrieved from  
<https://www.smithsonianmag.com/history/how-the-potato-changed-the-world>  
 108470605/
- Mann, C. (2011). *1493*. New York: NY. Random House Inc.
- Mann, G. & Wainwright, J. (2018). *Climate leviathan ; a political theory of our planetary future*. Verso.
- McCaffrey, K. (2008). *The struggle for environmental justice in vieques, Puerto rico*.  
 Environmental Justice in Latin America: Problems, Promise and Practice.
- Mirowski, P. & Plehwe, D. (2009, June 19). *The Road from Mont Pèlerin : The Making of the Neoliberal Thought Collective*. Harvard University Press.

Naim, M. (1999, October 26). Fads and fashion in economic reforms: Washington consensus or Washington confusion? *Foreign Policy Magazine*.

Nik-Khah, E. (2014, August). Neoliberal pharmaceutical science and the chicago school of economics. *Social Studies of Science*, 44(8), 489 – 517.

<https://doi.org/10.1177/0306312714520864>

Roddick, J. (1988). *The dance of millions*. Latin American Bureau.

<https://www.jstor.org/stable/j.ctt1hj545b.15>

Romero, J. & Sims, J. *Latin American debt crisis on the 1980s*. Retrieved from

[https://www.federalreservehistory.org/essays/latin\\_american\\_debt\\_crisis](https://www.federalreservehistory.org/essays/latin_american_debt_crisis)

Safi, M. (2017, July 31). *Suicides of nearly 60,000 indian farmers linked to climate change, study claims*. Retrieved from

<https://www.theguardian.com/environment/2017/jul/31/suicides-of-nearly-60000-indian-farmers-linked-to-climate-change-study-claims>

Schlosberg, D. & Collins, L. B. (2014). From environmental to climate justice : climate change and the discourse of environmental justice. *WIREs Clim Change*. doi: 10.1002/wcc.275

Schurz, W. L. (1959). *The manilla galleon*. E.P. Dutton & Co.

Segura, N. (2018, November 21). *How neoliberalism vandalized Latin America*. Retrieved from

<https://socialistworker.org/2018/11/21/how-neoliberalism-vandalized-latin-america>

Shiva, V. (2013, April 5). *The seeds of suicide : how Monsanto destroys farming*. Retrieved from

<https://www.globalresearch.ca/the-seeds-of-suicide-how-monsanto-destroys-farming/5329947>

Swisher, M. E., Ruiz-Menjivar, J., & Koenig, R. (2017, December 26). Value chains in

renewable and sustainable food systems. *Renewable Agriculture and Food Systems*,



33(1), 1 – 5. doi:10.1017/S1742170517000667

The Observatory of Economic Complexity. *Peru*. Retrieved from

<https://oec.world/en/profile/country/per/>

Tobin, D. & Glenna, L. (2019, September 3). Value chain development and the agrarian

question: actor perspectives on native potato production in the highlands of peru. *Rural*

*Sociology*, 84(3), 541 – 568. DOI: 10.1111/ruso.12251

Williamson, J. (2004). *A short history on the Washington consensus*. Retrieved from

<https://www.piie.com/publications/papers/williamson0904-2.pdf>

Yun Loong Wong, B. & Argumedo, A. (2011, July 4). *The thriving biodiversity of peru's potato*

*park*. Retrieved from <https://ourworld.unu.edu/en/the-thriving-biodiversity-of-peru>

[potato-park](https://ourworld.unu.edu/en/the-thriving-biodiversity-of-peru)